

# CHINA'S IRON BACKBONE

A Vital Interest of the Yellow Empire Discussed by One on the Scene

By Frank G. Carpenter.

THE GREAT RAILWAY FROM PEKING TO CANTON, WHICH THE CHINESE ARE EXTENDING.

The Cal. Brice Concession, and How it Netted Our Capitalists 900 Per Cent—The New Construction Between Canton and Wuchang—A Talk With a Chinese Railway Director—How an American-Educated Chinese Built a Railroad—The Line to Peking and Its Great Bridge Over the Yellow River—Examples of Cheap Railway Construction. (Copyright, 1909, by Frank G. Carpenter.)



Frank G. Carpenter.

Wuchang.

I have just had a talk with a director of a great railway which is to be built from here to Canton. It will form the Southern half of the great Canton-Peking system, which has been rightly called the iron backbone of the empire. The division from Hankow to Peking is already in operation. I came over it this week. The southern section is that known in America as the Canton-Hankow railway. It will begin here at Wuchang on the Yang-Tse-Kiang, opposite Hankow and will go on opposite Hankow, and will go on south to the mighty city of Canton. This part of the line is somewhat known to the United States. It was surveyed by American engineers under a concession that was granted to Calvin Brice and others of our famous capitalists about eleven years ago. As far as I can learn the Americans did little more than go over the line and begin its construction. They shilly-shallied and dilly-dallied until the Chinese grew tired and then sold back their concession at a profit of almost 1,000 per cent. The Chinese are glad to again have hold of their property, and they expect to put the line through. Mr. Tsou, the railway man with whom I talked, is a pusher. He is a live, up-to-date capitalist, and is business from start to finish. He has been educated along western lines, and speaks fluently half a dozen languages. Our conversation was in English. He said:

"We have gone over the route and made new surveys, and we already have the schemes of organization and of raising the money practically completed.

"The road now planned is to consist of four great divisions, one for each of the provinces through which it runs. All told, the line will be about 800 miles long, and will pass through the richest and most populous parts of the empire. The northern section begins here at Hankow, and runs for 120 miles southward through the province of Hupeh. This is the section with which I am connected. Hupeh will control it. They money will be raised here and the road will be managed from Wuchang until the entire line is completed. The next section goes south from Hupeh to Hunan, and the third through northern Kwangtung, joining there the fourth, which runs south through southern Kwangtung to Canton. Each of these provinces will handle its division, just as Hupeh will do."

## A Costly Railroad.

"Will the line be easy to build?"

"No, it will not. According to the first estimates made by your American engineers, the cost was put at about twenty million dollars, or at something like twenty-five thousand dollars a mile. The probability is that it will be twice that. The country is either mountainous or rolling, and there will be curves almost all the way. Our route will be longer than that surveyed by the Americans. They followed the custom of the United States in such matters, forgetting that our conditions are different. In your country most of the big roads have

been pioneer lines. They have been laid out through the wilds, and the traffic has grown up to them. China is already developed. We have many large cities, and the road should be built to join these together. Your engineers planned the road without regard to these cities, making it more or less straight. We are building the road for the people and the traffic, and diverging a little here and there to connect the great centers. The moment the road is completed we shall have an enormous business."

## One Hundred Million People.

"Can you give me some idea of the population this road will tap?"

"Not in the actual figures," replied Mr. Tsou. "We are backward in statistics, and I can only estimate the possibilities. The three provinces through which the road runs have a population of about 100,000,000. There are many large cities. Here at Hankow we have between one and two millions. Canton is as big as Chicago and there are other large towns all along the way. The road will be the chief trunk line of interior China, connecting the capital with Canton, and running from there to the port of Kowloon, opposite Hongkong. According to the estimates of Mr. Barclay Parsons, the average of the population numbers two hundred to the square mile, but I venture it is more than this. The country is devoted to tea, silk and other industries. It is agriculturally rich, and we believe that it contains extensive deposits of iron, copper and lead. There is no doubt but that the road will pay."

"But you you manage it well in four four divisions with four sets of officials directed by four different governments?"

"Yes," replied Mr. Tsou. "The imperial government has required that the same gauge must be made throughout, that the rolling stock must be standardized and that the rails must be of a certain pattern and weight. Most of the iron work is now being made here at Hankow, and the track will be of Chinese steel. As to the management, the probability is that it will be consolidated when the system is completed. The different divisions will be joined, and there may be one great government from Peking to China."

## China's New Railroad.

"How about the new railroad movement? Is it to continue?"

"Nothing can stop it. We Chinese are slow to begin, but when we really start we keep going. No one now questions the value of railroads. Both the government and the people realize that they are an absolute necessity



The Engineers Are Chinese.

to our existence and progress. We shall keep on building just as fast as we can raise the money. We would like to construct our railways as far as possible with our own funds. In our present condition we do not like to mortgage our country to other nations, and this we do when we make heavy foreign loans. The road from Wuchang to Canton is now to be made with Chinese money and by Chinese workmen. It will be a Chinese railroad throughout.

## Millions for Wooden Nutmegs.

I asked Mr. Tsou to tell me the inside story of the concession for this road to the Americans, and what they made out of it. He was chary in speaking of the matter, but said that China had not been fairly treated. From other sources I learn that the Americans played somewhat the part of the Yankee who sold wooden nutmegs. They gave China a gold brick, and carried away millions. I doubt not that our capitalists acted in good faith in the beginning, and that had Calvin Brice lived their contracts would have been carried out. The concession was granted by the imperial government to Brice and others, through Marquis Sheng and Wu Ting-fang, on the ground that they would raise \$20,000,000 to build and equip the line. The Chinese government was to secure the loan by a mortgage on the road and an imperial gold bonds, to be sold at 90 per cent, and to bear 5 per cent interest. Calvin Brice had no trouble in getting men to go in with him. Among those who offered to join in raising the money, as it came due for building the road, were Pierpont Morgan, John D. Rockefeller, E. H. Harriman, Russell Sage, George Gould, Jim Hill and the Vanderbilts. With such names but little real money was necessary, and the road could have been completed on credit. Altogether about 6,000 shares of stock were issued, and of these over 4,000 were still in the hands of the Americans when the road was turned back to China.

According to the conditions, the Americans were to survey the road at once and begin its construction. They were to push it rapidly forward to a completion. It was also the understanding that they were not to sell the control of that concession to other nations, nor to allow them to have much stock in it. They violated these conditions. They made an incomplete survey and then built about thirty miles of line and stopped. Later on they sold 1,000 shares of the stock to a French banking house and a controlling interest to the Belgians. Much of the Belgian stock was taken by King Leopold, who set about trying to gain possession of the concession. His people already owned much of the Hankow-Peking road, and, if he could have secured the right to build into Canton, the Belgians would have controlled the chief trunk line of China. Worse than this, it is generally be-

lieved here that the Belgians were merely tools in the hands of the Russians, and the Chinese could not afford to have the Russians own their chief railroad. The result was that China, upon hearing of the Belgian plans, declared that it would have to annul the concession or buy back the road.

## Profits 900 Per Cent.

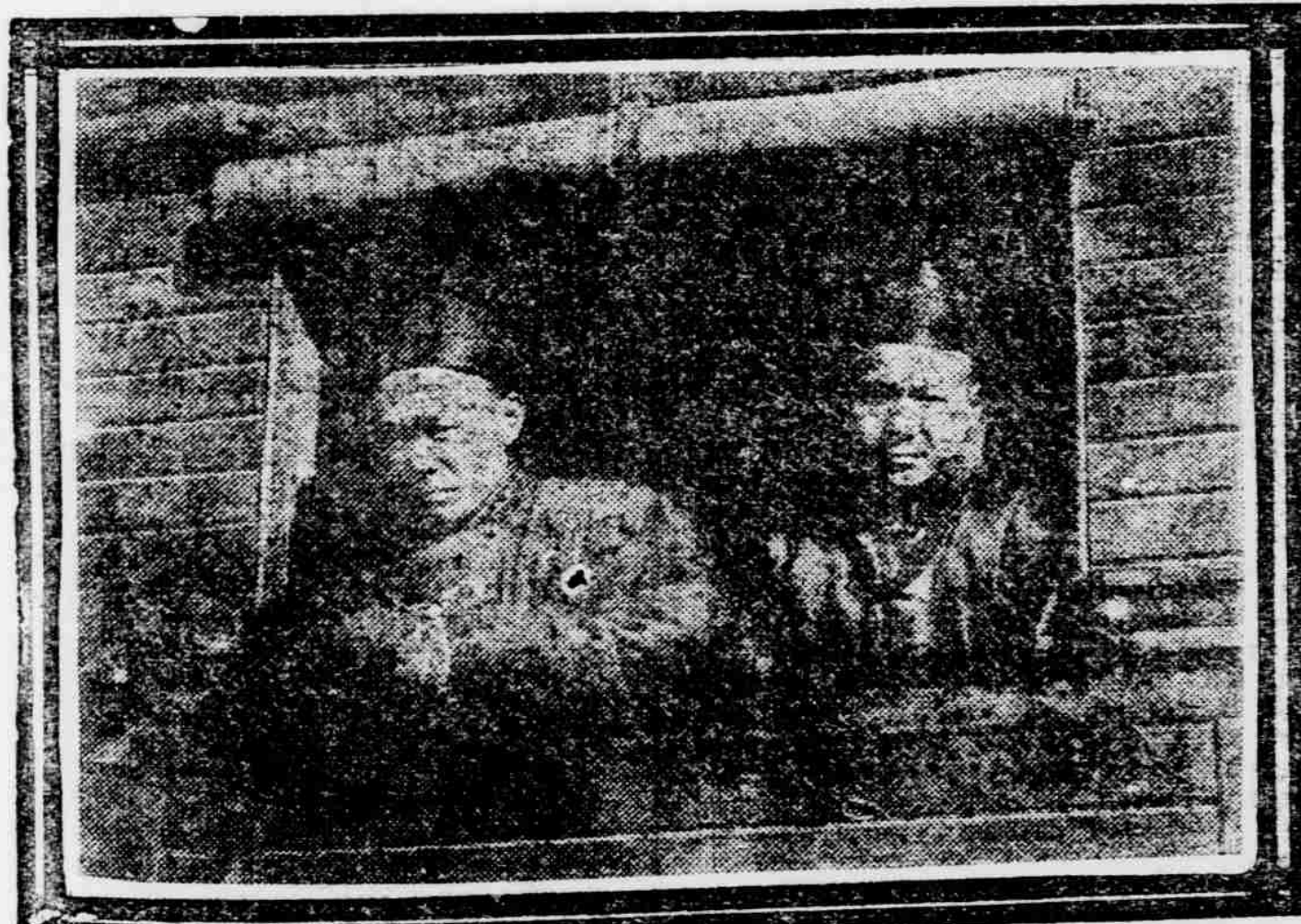
This fact was communicated to Washington and the American capitalists took advantage of the situation. Pierpont Morgan, who was disgruntled at some treacherous financial transactions which King Leopold had had with him, forced the latter to sell his stock back to the American company; and the king, not suspecting that the deal with China was possible, did so for a low price. Then an arrangement was made with the Chinese government, by which the American rights were sold back for 10,000,000 taels, or about \$6,700,000 in gold, and this money was divided among the 4,000 odd stockholders. How much hard cash the Americans put into the scheme I do not know, but that is what they drew out. What China got for all this money is only a little stretch of railroad, thirty miles long, running from Canton to the town of Samehui, which could not have cost, I should say, more than \$1,000,000, or \$33,000 a mile. It is a standard gauge road, laid with seventy-five-pound rails, and it has, altogether, only about twelve miles of double track and eighteen miles of single track. A part of the road is stone ballasted, and a part is ballasted with sand. In addition to this, the Chinese have the surveys made by Barclay Parsons and others, but they, in the words of Mr. Tsou, are not what the Chinese want, and could easily have been made at a cost of a few thousand dollars. I understand that the Americans claim that they expended on the enterprise, all told, about \$3,000,000 in gold; and that the additional amount of \$2,700,000 was claimed for the loss of their valuable rights. On this basis, supposing that the stockholders originally paid par for their shares, which is doubtful, the 4,000 shares would have cost them \$400,000; and they drew out, according to their own statement, \$2,700,000; which equals over 900 per cent. Indeed:

For ways that are dark and tricks that are vain

The Christian Yankee is peculiar.

Since the Chinese took hold of the Canton-Hankow system they have, as Mr. Tsou says, made new surveys. They have extended the little strip built by the Americans, so that it is now about fifty miles long, and they are running cars over that section. They are building on the other divisions, and the great steel works at Han Yang Yang are making rails to be used in the construction.

The road is being handled by Chinese engineers, and the Samshui (Continued on Page Sixteen.)



Two Third Class Passengers.